

Fund 408

Sewer Bond Construction

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2008 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2007:

- ◆ The Board of Supervisors made no adjustments to this fund.

Focus

Fund 408, Sewer Bond Construction, provides for major sewer system construction projects including upgrades and expansions of sewer treatment plants utilized by Fairfax County residents that are funded from the sale of sewer revenue bonds, other shorter-term financing, and/or sewer system revenues. In FY 2007, funding of \$61,087,000 was included in Fund 408, Sewer Bond Construction to begin to meet new state regulatory requirements for nitrogen removal and plant upgrades at the District of Columbia Water and Sewer Authority (DCWASA), the Alexandria Sanitation Authority (ASA), the Arlington County Treatment Plant, the Loudon County Sanitation Authority (LCSA) treatment plant; and the Noman M. Cole Cr. Pollution Control Plant. Initial design expenditures were funded in Fund 402, Sewer Construction Improvements. Construction requirements were to be offset by the planned sale of sewer bonds in FY 2007. However, based on revised project schedules for the planned projects, it is unlikely that funding will be required to begin projects in FY 2007 and the anticipated bond sale will not occur. Instead, shorter-term financing options will be pursued in FY 2008 once projects are ready to begin in order to maximize flexibility. The necessary adjustments will be made to Fund 408, Sewer Bond Construction at an upcoming quarterly review when more definitive project schedules and financing options have been determined.

Funding in Fund 408, Sewer Bond Construction will help the County to meet new state regulatory requirements in the Wastewater Management Program (WWM). The new Chesapeake Bay water quality program requires reductions in the amount of nutrient pollutants. In December 2004, the state notified the County that the renewal of County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter of nitrogen and 0.1 milligrams per liter for phosphorus. The County has the capability to meet voluntary nitrogen removal standard of 8.0 milligrams per liter. A phased approach is recommended to renovate and upgrade current plant facilities to accommodate new more stringent nutrient discharge requirements.

As noted, a Sewer Revenue Bond sale in the amount of \$150 million was planned to support the Chesapeake Bay water quality program requirements for the operations of the Wastewater Management Program. This included bond proceeds of \$140,294,000 in this fund and \$9,706,000 reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements. As outlined in the 1986 Bond Resolution, this reserve is required to be the lesser of the maximum principal and interest requirements for any bond year or 125 percent of the average annual principal and interest requirements for the bonds. However, as the Sewer Revenue Bond sale is no longer anticipated for FY 2007 and other financing options will be pursued for FY 2008, the appropriation of funding is not required for the debt reserve in FY 2008. In addition, interest is earned on the fund balance in this fund, and an amount of \$750,000 is anticipated in interest earnings in FY 2008.

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Changes to FY 2007 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2007 Revised Budget Plan since passage of the FY 2007 Adopted Budget Plan. Included are all adjustments made as part of the FY 2006 Carryover Review and all other approved changes through December 31, 2006:

- ◆ As part of the FY 2006 Carryover Review, the Board of Supervisors approved an increase of \$12,485,530 due to the carryover of unexpended project balances.

The following funding adjustments reflect all approved changes to the FY 2007 Revised Budget Plan from January 1, 2007 through April 23, 2007. Included are all adjustments made as part of the FY 2007 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this fund.

A Fund Statement and a Summary of Capital Projects are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project).

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 408, Sewer Bond Construction

	FY 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
Beginning Balance	\$18,043,051	\$5,126,582	\$18,972,199	\$85,857,719	\$85,857,719
Revenue:					
Sale of Bonds ¹	\$0	\$140,294,000	\$140,294,000	\$0	\$0
Interest on Investments	1,395,604	164,050	164,050	750,000	750,000
Total Revenue	\$1,395,604	\$140,458,050	\$140,458,050	\$750,000	\$750,000
Total Available	\$19,438,655	\$145,584,632	\$159,430,249	\$86,607,719	\$86,607,719
Total Expenditures	\$466,456	\$61,087,000	\$73,572,530	\$0	\$0
Transfers Out:					
Sewer Revenue (400)	\$0	\$0	\$0	\$0	\$0
Total Transfers Out	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$466,456	\$61,087,000	\$73,572,530	\$0	\$0
Ending Balance²	\$18,972,199	\$84,497,632	\$85,857,719	\$86,607,719	\$86,607,719

¹ An amount of \$150 million in revenue bonds was anticipated to be issued in FY 2007 to support capital program requirements for the operations of the Wastewater Management Program including \$140.3 million in this fund and \$9.7 million to be reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements. However, based on the timing of revised project schedules, it is not likely that funding will be required to begin projects in FY 2007. Therefore, the planned 2007 Sewer Revenue Bond Sale is no longer anticipated. Projects in FY 2008 will instead be funded using other shorter-term financing mechanisms. The necessary adjustments will be made to Fund 408, Sewer Bond Construction and Fund 406, Sewer Bond Debt Reserve at an upcoming quarterly review when more definitive project schedules and financing options have been determined.

² The capital projects in this sewer fund are budgeted based on the total project costs. Most projects span multiple years, from design to construction completion. Therefore, funding for capital projects is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.

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FY 2008 Summary of Capital Projects

Fund: 408 Sewer Bond Construction

Project #	Description	Total Project Estimate	FY 2006 Actual Expenditures	FY 2007 Revised Budget	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
G00902	DC Blue Plains Exp 309 MGD		\$0.00	\$8,743,000.00	\$0	\$0
G00904	Arlington Treatment Plant Upgrade	6,750,000	0.00	6,750,000.00	0	0
I00906	ASA Plant Improvements		0.00	12,351,000.00	0	0
J00901	LCSA Plant Upgrade	1,500,000	0.00	1,500,000.00	0	0
N00322	Lower Potomac 67 MGD	142,366,502	466,455.85	29,728,530.49	0	0
X00911	Noman M. Cole, Jr. Pollution Control Plant Renovations	106,829,000	0.00	14,500,000.00	0	0
Total		\$257,445,502	\$466,455.85	\$73,572,530.49	\$0	\$0